

Dechert LLP

REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2010



Registration No OC306029

Dechert LLP

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for the year ended 31 December 2010

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Dechert LLP
MEMBERS AND ADVISERS
for the year ended 31 December 2010

DESIGNATED MEMBERS

Astleford, Peter
Croock, James
Getter, Douglas
Fogel, Steven
Martin, Stuart
O'Donnell, George Daniel
Winokur, Barton

REGISTERED OFFICE

160 Queen Victoria Street
London EC4V 4QQ

AUDITOR

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

BANKERS

Royal Bank of Scotland
36-37 New Bridge Street
London EC4V 6BJ

NatWest
156 Fleet Street
London EC4A 2LL

HSBC
60 Queen Victoria Street
London EC4N 4TR

Dechert LLP

MEMBERS' REPORT

for the year ended 31 December 2010

The members submit their report and the financial statements of Dechert LLP for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the limited liability partnership is the provision of a full range of legal services provided from offices in England

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The members consider the results for the year to be satisfactory and that future results will be of a similar nature

DESIGNATED MEMBERS

The following designated members have held office during the year

Astleford, Peter	
Caulfield, Bernard	(designated member until 31 December 2010)
Croock, James	
Dorris, Malcolm	(designated member until 1 January 2011)
Fogel, Steven	
Getter, Douglas	(designated member from 1 January 2011)
Martin, Stuart	(designated member from 1 January 2011)
O'Donnell, George Daniel	(designated member from 1 January 2011)
Walters, Geoffrey	(designated member until 31 December 2010)
Winokur, Barton	

TRANSACTIONS WITH MEMBERS

All members participate in the limited liability partnership's profit, share the losses and contribute to the limited liability partnership's capital. The limited liability partnership's drawings policy allows each member to draw a proportion of their profit share in twelve monthly instalments with the balance of their profits, net of foreign taxes, distributed, generally, early in the following calendar year.

An individual member's capital requirement is set at £100 for the limited liability partnership.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, will be put to the members of the limited liability partnership.

On behalf of the members.



Steven Fogel, Designated Member

Dated 30 September 2011.

Dechert LLP

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Limited Liability Partnership law requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, as applicable to limited liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss for that year.

In preparing those financial statements, the members are required to

- a) Select suitable accounting policies and then apply them consistently,
- b) Make judgements and estimates that are reasonable and prudent,
- c) State whether applicable UK accounting standards have been followed, and
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applicable to limited liability partnerships. The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DECHERT LLP

We have audited the financial statements on pages 5 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As more fully explained in the Members' Responsibilities Statement set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

DAVID BLACHER (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Dated *30 September 2011*

Dechert LLP
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

	<i>Notes</i>	2010 £	2009 £
FEE INCOME	<i>1</i>	37,659,042	40,832,778
Operating expenses	<i>2</i>	(25,595,263)	(25,974,858)
OPERATING PROFIT	<i>4</i>	12,063,779	14,857,920
Investment income	<i>5</i>	11,631	14,383
Interest payable	<i>6</i>	(307,408)	(420,187)
Finance element of pension costs	<i>18</i>	66,000	(28,000)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION & PROFIT SHARES		11,834,002	14,424,116
Members' remuneration charged as an expense	<i>7</i>	-	-
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	<i>14</i>	11,834,002	14,424,116

The profit for the year arises from the limited liability partnership's continuing operations

Dechert LLP

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2010

	<i>Note</i>	2010 £	2009 £
Profit for the financial year		11,834,002	14,424,116
Actuarial losses	18	(1,572,000)	(1,949,000)
Total recognised gains and losses relating to the year		<u>10,262,002</u>	<u>12,475,116</u>
Total recognised gains and losses since last annual report		<u>10,262,002</u>	<u>12,475,116</u>

Dechert LLP
BALANCE SHEET
at 31 December 2010

Registration No OC306029

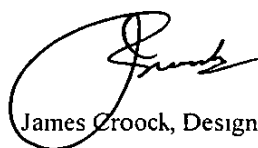
	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	1,469,489	1,720,108
CURRENT ASSETS			
Debtors	11	24,305,431	21,083,450
Cash at bank and in hand		4,500,353	6,299,792
		<u>28,805,784</u>	<u>27,383,242</u>
CREDITORS Amounts falling due within one year	12	(11,241,573)	(10,108,561)
NET CURRENT ASSETS		<u>17,564,211</u>	<u>17,274,681</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,033,700	18,994,789
CREDITORS Amounts falling due after more than one year	13	(17,816,735)	(18,111,901)
Pension liability	18	(4,915,100)	(4,117,100)
NET LIABILITIES ATTRIBUTABLE TO MEMBERS		<u>(3,698,135)</u>	<u>(3,234,212)</u>
Represented by			
LOANS AND OTHER DEBTS DUE TO MEMBERS (Undrawn)/overdrawn profits	14	-	1,107,877
NET LIABILITIES		<u>(3,698,135)</u>	<u>(2,126,335)</u>
MEMBERS' OTHER INTERESTS			
Members' capital classified as a liability under FRS25	14	4,000	3,800
Other reserves	14	(3,702,135)	(2,130,135)
		<u>(3,698,135)</u>	<u>(2,126,335)</u>
TOTAL MEMBERS' INTERESTS			
Members' other interests	14	(3,698,135)	(2,126,335)
Undrawn/(overdrawn) profits	14	-	(1,107,877)
		<u>(3,698,135)</u>	<u>(3,234,212)</u>

These financial statements were approved by the designated members of Dechert LLP and authorised for issue on
30 September 2011.

Signed on behalf of the members



Steven Fogel, Designated Member



James Croock, Designated Member

Dechert LLP

CASH FLOW STATEMENT

for the year ended 31 December 2010

	<i>Notes</i>	2010 £	2009 £
Net cash inflow from operating activities	15A	10,479,283	17,222,250
Returns on investments and servicing of finance	15B	(295,777)	(405,804)
Capital expenditure and financial investment	15C	(149,143)	(64,439)
Transactions with members and former members	15D	(11,833,802)	(16,834,524)
DECREASE IN CASH IN THE YEAR		<u>(1,799,439)</u>	<u>(82,517)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £	2009 £
Decrease in cash in the year	(1,799,439)	(82,517)
Movement in net debt in the year	<u>(1,799,439)</u>	<u>(82,517)</u>
NET DEBT AT 1 JANUARY	(10,837,459)	(10,754,942)
NET DEBT AT 31 DECEMBER	15E <u>(12,636,898)</u>	<u>(10,837,459)</u>

Dechert LLP

ACCOUNTING POLICIES

for the year ended 31 December 2010

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP). They present information about Dechert LLP as an individual undertaking. Group accounts have not been prepared on the basis that the subsidiary undertakings are immaterial to Dechert LLP.

FEE INCOME

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, Dechert LLP obtains the right to consideration in exchange for its performance under these contracts.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors, and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of Dechert LLP is recognised when the contingent event occurs.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historic cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold improvements	Over the lesser of the period of the lease or 10 years
Computer equipment	Over a period of four years
Furniture and equipment	Over a period of five years

INVESTMENTS

Investments in subsidiary undertakings are stated at cost. Provisions are made for any permanent diminutions in value.

OPERATING LEASES

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Revenues and expenses are translated at the average rate of exchange during the month incurred. All transactions involving members' capital are translated as of the transaction date. All differences resulting from the change in the exchange rates are taken to the profit and loss account.

Dechert LLP

ACCOUNTING POLICIES

for the year ended 31 December 2010

PENSIONS AND RETIREMENT BENEFITS

Dechert LLP operates two pension schemes for staff, a final salary scheme and a money purchase scheme

Contributions to the money purchase scheme are charged to the profit and loss account when they become payable

For the final salary scheme (a defined benefit scheme), the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within finance costs

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses

The final salary scheme is funded with the assets held separately from the limited liability partnership in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the limited liability partnership has a legal or constructive obligation to settle the liability

Members of Dechert LLP are at liberty to make their own provisions for pensions by contributing to personal pension plans. However, certain contractual arrangements exist under the terms of which certain former members are entitled to receive annuities following their retirement in respect of services rendered prior to 1996. Full provision is made for the present value of the expected liability in respect of these annuities to former members

TAXATION

The taxation payable on profits is the personal liability of the members during the period

CLAIMS

Provision is made on a case-by-case basis in respect of the cost of defending claims and where appropriate the estimated cost to Dechert LLP of settling claims. Separate disclosure is not made of claims covered by insurance recoveries expected to be obtained on the grounds that disclosure might seriously prejudice the outcome of the claims

GOING CONCERN

The members, after considering the limited liability partnership's cash flow requirements, have concluded that the business will have adequate financial resources to continue in operation for the foreseeable future. The members have therefore prepared the financial statements on a going concern basis

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

1 FEE INCOME

Fee income comprises amounts rendered (exclusive of VAT) and movements in work in progress in respect of the provision of completed work for clients during the year

	2010 £	2009 £
UK	31,101,449	34,792,104
Rest of world	6,557,593	6,040,674
	<u>37,659,042</u>	<u>40,832,778</u>

2 ANALYSIS OF OPERATING EXPENSES

	2010 £	2009 £
Staff costs (note 3)	11,360,850	13,904,905
Depreciation	399,762	751,785
Other operating charges	13,834,651	11,318,168
	<u>25,595,263</u>	<u>25,974,858</u>

3 STAFF COSTS

	2010 No	2009 No
The average monthly number of persons employed during the year (excluding members) was		
Associates and counsel	50	62
Paralegals and other non-lawyers	24	24
Secretaries and word processors	34	45
Firm administration	44	48
	<u>152</u>	<u>179</u>

	£	£
Staff costs incurred during the year in respect of these employees were		
Salaries	9,498,344	11,928,471
Social security costs	1,455,370	1,559,976
Pension costs	407,136	416,458
	<u>11,360,850</u>	<u>13,904,905</u>

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

4	OPERATING PROFIT	2010 £	2009 £
	Operating profit is stated after charging		
	Operating lease rentals for land and buildings	2,983,486	2,630,379
	Depreciation	399,762	751,785
	Auditor's remuneration for statutory audit	21,000	20,000
		<u> </u>	<u> </u>
5	INVESTMENT INCOME	2010 £	2009 £
	Bank interest receivable	11,631	14,383
		<u> </u>	<u> </u>
6	INTEREST PAYABLE	2010 £	2009 £
	Other interest payable	307,408	420,187
		<u> </u>	<u> </u>
7	MEMBERS' REMUNERATION CHARGED AS AN EXPENSE		
	The limited liability partnership has no salaried members		
8	MEMBERS' SHARES OF PROFIT		
	Profits are shared among the members in accordance with agreed profit sharing arrangements		
		2010 No	2009 No
	Average monthly number of members	40	39
		<u> </u>	<u> </u>

The share of profits that is attributable to the member with the largest entitlement to profit is £3,112,476 (2009 £3,007,142)

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

9 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer equipment £	Furniture and equipment £	Total £
Cost				
At 1 January 2010	2,842,785	1,671,842	1,476,061	5,990,688
Additions	87,870	57,966	3,307	149,143
At 31 December 2010	2,930,655	1,729,808	1,479,368	6,139,831
Depreciation				
At 1 January 2010	1,380,240	1,544,910	1,345,430	4,270,580
Charged in the year	293,066	88,834	17,862	399,762
At 31 December 2010	1,673,306	1,633,744	1,363,292	4,670,342
Net book value				
At 31 December 2010	1,257,349	96,064	116,076	1,469,489
Net book value				
At 31 December 2009	1,462,545	126,932	130,631	1,720,108

10 INVESTMENTS

The partnership holds more than 20% of the nominal value of any class of share capital in the following undertakings

	Class of holding	Proportion directly held %	Nature of Business
Dechert Secretaries Limited	Ordinary	100	Dormant
Dechert Nominees Limited	Ordinary	100	Dormant
Dechert Trustee Company Limited	Ordinary	100	Dormant *
Dechert T&N Company	Ordinary	100	Dormant

* Holds funds and investments as a trustee

11 DEBTORS

	2010 £	2009 £
Trade debtors	7,720,912	8,154,580
Amounts due from related entities	8,520,013	5,294,662
Other debtors	327,731	177,499
Prepayments and accrued income	7,736,775	7,456,709
	24,305,431	21,083,450

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

12	CREDITORS Amounts falling due within one year	2010 £	2009 £
	Trade creditors	722,141	679,716
	Amounts due to related entities	7,954,841	7,470,948
	Tax and social security costs	714,309	626,579
	Other creditors	2,570	2,364
	Accruals	1,847,712	1,328,954
		<u>11,241,573</u>	<u>10,108,561</u>

The limited liability partnership had a £1m overdraft facility with a UK Bank, which was not renewed when it expired on 16 May 2011. There were no outstanding borrowings as at 31 December 2010.

13	CREDITORS Amounts falling due after more than one year	2010 £	2009 £
	Amount due to Dechert Luxembourg	17,137,251	17,137,251
	Other creditors	679,484	974,650
		<u>17,816,735</u>	<u>18,111,901</u>
	Analysis of debt maturity		
	Amounts payable between one and two years	17,137,251	17,137,251
		<u>17,137,251</u>	<u>17,137,251</u>

The amount due to Dechert Luxembourg represents an unsecured loan that is repayable in full by 7 December 2012. This loan bears a variable interest rate equal to sterling LIBOR plus 1%. Dechert Luxembourg is a UK multi-national partnership and a related party. As such, certain members of Dechert LLP are also partners of Dechert Luxembourg.

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

14 MEMBERS' INTERESTS

	<u>Members' other interests</u>				Loans and other debts due to members		
	Members' capital £	Other reserves £	Profits to be divided £	Total £			Total £
At 31 December 2009	3,800	(2,130,135)	-	(2 126 335)	(1,107,877)		(3,234,212)
Profit for the financial year available for division among members	-	-	11,834,002	11,834,002	-		11,834,002
Members' interests after profit for the year	3,800	(2,130,135)	11,834,002	9,707,667	(1,107,877)		8,599,790
Allocated profits							
To Dechert LLP (UK) members	-	-	(11,834,002)	(11,834,002)	11,834,002		-
From related entities	-	-	-	-	1,107,877		1,107,877
Other recognised gains and losses	-	(1,572,000)	-	(1,572,000)	-		(1,572,000)
Distributions to members	-	-	-	-	(11,834,002)		(11,834,002)
Capital							
Paid in	200	-	-	200	-		200
Repaid	-	-	-	-	-		-
At 31 December 2010	4,000	(3,702,135)	-	(3,698,135)	-		(3,698,135)

Members' interests rank after unsecured creditors in the event of the winding up of the limited liability partnership
All amounts due to members relate to items falling due within one year

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

15 CASH FLOWS

		2010 £	2009 £
A	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	12,063,779	14,857,920
	Depreciation	399,762	751,785
	Movements in		
	Debtors	(3,221,981)	151,002
	Creditors	837,847	4,108,287
	Due from / (to) related entity	1,107,876	(1,619,744)
	Current service pension costs	234,000	224,000
	Pension contributions paid	(942,000)	(1,251,000)
	Net cash inflow from operating activities	10,479,283	17,222,250
		2010 £	2009 £
B	Returns on investments and servicing of finance		
	Bank and other interest received	11,631	14,383
	Interest paid	(307,408)	(420,187)
		(295,777)	(405,804)
C	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(149,143)	(64,439)
D	Transactions with members and former members		
	Payments to and on behalf of members	(11,834,002)	(16,834,324)
	Capital contributions / (distributions)	200	(200)
		(11,833,802)	(16,834,524)
E	Analysis of change in net debt		
		At 1 January 2010 £	Cash flow 2010 £
			At 31 December 2010 £
	Cash at bank and in hand	6,299,792	(1,799,439)
	Debt due after 1 year	(17,137,251)	-
		(10,837,459)	(1,799,439)
			(12,636,898)

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

16 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the limited liability partnership had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
Land and buildings		
expiring between two and five years	2,797,909	-
expiring after five years	-	2,322,156
Other		
expiring within one year	-	4,185
	<u>2,797,909</u>	<u>2,326,341</u>

17 CONTINGENT LIABILITIES

The limited liability partnership has received claims in the normal course of business, but it is not considered that any further provisions are required in addition to those already included in these financial statements

18 STAFF RETIREMENT BENEFITS

Dechert LLP operates individual Final Salary and Money Purchase Schemes in the UK. The Final Salary Scheme is closed to new entrants. The Money Purchase Scheme is open to new entrants. The assets of the schemes are held separately from those of the limited liability partnership in funds administered by trustees.

The contributions paid during the year for the Schemes were

	2010 £	2009 £
Final Salary Scheme	942,000	1,251,000
Money Purchase Scheme	147,000	209,000
	<u>1,089,000</u>	<u>1,460,000</u>

The contributions paid by the limited liability partnership to the Final Salary Scheme were determined by actuarial valuations and consultations. For the years ended 31 December 2010 and 2009, the rate of contribution was 19.3% of the employee's Pensionable Salary, and an additional contribution of £56,400 per month was paid in respect of a deficit recovery plan dated 31 October 2008, the deficit recovery period currently has an end date of 31 December 2014.

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

18 STAFF RETIREMENT BENEFITS (continued)

Financial Reporting Standard No 17 (FRS17)

FRS17 requires immediate recognition in the balance sheet of the net surplus or deficit in the Final Salary Scheme calculated at the balance sheet date. The standard requires the assets to be measured at the market value at that date, and the liabilities to be valued using the Projected Unit Method and discounted at the rate of return available at the balance sheet date on high quality corporate bonds.

Actuarial valuations are required every three years. The most recent valuation was completed as at 1 January 2010 and updated by the actuary as at 31 December 2010 to provide the information required by FRS17. The main assumptions used by the actuary in arriving at the pension scheme liabilities were:

	2010	2009	2008	2007	2006
Discount rate	5.6%	5.8%	6.6%	5.9%	5.2%
Price inflation	3.6%	3.4%	3.0%	3.4%	3.1%
Salary increases	0.0%	0.0%	3.0%	4.4%	5.6%
Pension increases	5.0%	5.0%	5.0%	5.0%	5.0%

The assets in the scheme and the expected rate of return were:

	2010 rate of return	2010 Value £000	2009 rate of return	2009 Value £000	2008 rate of return	2008 Value £000	2007 rate of return	2007 Value £000	2006 rate of return	2006 Value £000
Equities	8.0%	16,544	8.0%	13,757	8.0%	10,509	8.0%	12,895	8.0%	12,291
Bonds	5.4%	5,747	5.8%	5,135	6.7%	4,342	5.9%	4,315	5.2%	3,228
Other	0.5%	207	0.5%	434	2.0%	189	5.5%	192	5.0%	206
Fair value of scheme assets	7.3%	22,498	7.3%	19,326	7.6%	15,040	7.5%	17,402	7.4%	15,725
Present value of funded obligation		(27,413)		(23,443)		(18,207)		(23,077)		(25,112)
Deficit in the scheme		(4,915)		(4,117)		(3,167)		(5,675)		(9,387)

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

18 STAFF RETIREMENT BENEFITS (continued)

The following amounts have been included in arriving at the profit for the period

Analysis of the amount charged to operating profit:

	2010 £000	2009 £000
Current service cost	234	224
Total operating charge	<u>234</u>	<u>224</u>

Analysis of the amount charged to finance costs

	2010 £000	2009 £000
Expected return on scheme assets	1,421	1 170
Interest on obligation	(1,355)	(1 198)
Finance element of pension cost	<u>66</u>	<u>(28)</u>

Analysis of amount that FRS17 requires to be recognised in the statement of total recognised gains and losses (STRGL):

	2010 £000	2009 £000
Actual return less expected return on scheme assets	1,208	2,195
Experience gain on scheme liabilities	335	948
Changes in assumptions underlying the pension scheme liabilities	(3 115)	(5,092)
Actuarial (loss) recognised in the STRGL	<u>(1,572)</u>	<u>(1,949)</u>

The measurement bases required by FRS17 are likely to give rise to significant fluctuations in the reported amounts of the Final Salary Scheme's assets and liabilities from year to year and do not necessarily give rise to the need for changes in the required contribution rate, which is recommended by the independent actuary, based on the expected long term rate of return on the Final Salary Scheme assets

Dechert LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

18 STAFF RETIREMENT BENEFITS (continued)

Movement in value during the period:

	2010 £000	2009 £000
Deficit in the scheme at the beginning of the year	(4,117)	(3,167)
Movement in the period		
Current service cost	(234)	(224)
Contributions	942	1,251
Other finance costs	66	(28)
Actuarial loss	(1,572)	(1,949)
Deficit in the scheme at the end of the year	(4,915)	(4,117)

History of experience gains and losses:

	2010	2009
Actual return less expected return on scheme assets		
Amount (£000s)	1,208	2,195
Percentage of the present value of the scheme assets	5%	11%
Experience gain on scheme liabilities		
Amount (£000s)	335	948
Percentage of the present value of the scheme liabilities	1%	4%
Actuarial loss recognised in the STRGL		
Amount (£000s)	(1,572)	(1,949)
Percentage of the present value of the scheme liabilities	6%	8%

19 RELATED PARTY TRANSACTIONS

The members of the limited liability partnership are also members of Dechert LLP, a limited liability partnership incorporated in Pennsylvania, USA ('Dechert LLP (US)'). Dechert globally is comprised of separate legal entities which together constitute a single economic entity.

In 2010 a corporate overhead charge of £3.7 million (2009 £3.3 million) was charged from Dechert LLP (US) to the limited liability partnership for services provided. In 2010 net profits of £1,107,877 were allocated from related entities (2009 £1,619,744 allocated to related entities) the majority of which were from Dechert LLP (US).

	2010 £	2009 £
Amounts owed to Dechert Luxembourg	(18,373,743)	(18,409,825)
Amounts owed to Dechert (Paris) LLP	(6,718,349)	(4,768,898)
Amounts owed from Dechert LLP (US)	6,115,366	3,683,404
Amounts owed from other related entities	2,404,647	1,611,258
Amounts owed to other related entities	-	(1,429,476)
Net amounts owed to related entities	(16,572,079)	(19,313,537)